

# MINUTES

**North Dakota Public Employees Retirement System  
Thursday, March 20, 2003  
Blue Cross Blue Shield  
107 West Main  
Bismarck, North Dakota**

**Members Present:**

Video Conference

Chairman Jon Strinden  
Mr. David Gunkel  
Ms. Rosey Sand  
Mr. Howard Sage  
Mr. Weldee Baetsch

**Absent**

Dr. Terry Dwelle  
Ms. Sandi Tabor

**Others Present:**

Mr. Sparb Collins, Executive Director NDPERS  
Mr. Scott Miller, Attorney General's Office  
Ms. Denise Curfman, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Cheryle Masset, NDPERS  
Mr. Larry Brooks, BCBS  
Ms. Rhonda Peterson, BCBS  
Mr. Howard Snortland, AFPE  
Ms. Laurie Sterioti Hammeren, Central Personnel

Chairman Strinden called the meeting to order at 8:30 AM.

**Minutes**

Chairman Strinden called for any questions or comments regarding the February 20, 2003 NDPERS Board minutes.

**Mr. Baetsch moved approval of the February 20, 2003 NDPERS Board minutes. Mr. Sage seconds.**

#### Purchases (Informational)

Due to weather conditions in Denver this agenda item was moved to the next month's agenda.

#### Health Plan (Board Action Requested)

Mr. Collins indicated that in the past years PERS has finalized the premiums for the actives and retirees at the March Board meeting, and then moved forward with developing the mailings and setting up enrollment meetings. Since PERS has not been confident about plan design staff have not been able to start on the enrollment material. At this point no changes have been proposed to the Governor's recommendation to increase the funding for health premiums. This means the plan design that will be affordable is the alternate plan (this is also the one the Board approved to move forward with for the EPO renewals). Therefore, staff is suggesting moving forward with planning and implementation based upon the alternate plan design.

**Mr. Sage moved approval of staff recommendation to move forward with the alternative plan design. Ms. Sand seconds.**

**Ayes:** Baetsch, Gunkel, Sand, Sage, and Chairman Strinden.

**Nays:** None

**Absent:** Dwelle, Tabor

**PASSED**

#### Retiree Plan (Board Action Requested)

Mr. Collins indicated that several months ago the Board established a retiree working group to review the retiree health plan in light of the increase in health care costs. This group has met and developed several alternative health plan designs. Mr. Collins reviewed the designs with the Board. Mr. Collins indicated that group recommended the alternative plan design for retirees.

The Board concurred on moving forward with the alternative retiree health plan.

#### HIPAA – Monthly Claims Report (Board Action Requested)

Ms. Allen indicated that BCBS sends NDPERS a monthly data tape of adjudicated claims that contains protected health information (PHI). Under HIPAA, PHI is health information that identifies or can be used to identify an individual that is transmitted or maintained in any form of medium. The monthly claims report contains PHI and is therefore, subject to the Privacy Rule.

Ms. Allen indicated that Mr. Mike Mullen, of the Attorney General's office, view is that as long as the purpose of the tape is to permit NDPERS to perform management audits, financial audits or program monitoring and evaluation, BCBS is permitted under the HIPAA privacy rule to continue to provide this data to PERS. Mr. Mullen's recommendation that the Board affirm that the monthly claims tapes are needed by PERS to perform these functions.

**Ms. Sand move approval for BCBS to continue to send PERS the monthly tapes for the purpose of performing management audits, financial audits and or program monitoring and evaluations. Mr. Gunkel seconds.**

**Ayes:** Baetsch, Gunkel, Sand, Sage, and Chairman Strinden.

**Nays:** None

**Absent:** Dwelle, Tabor

**PASSED**

#### 2002 EAP Utilization (Information)

Mr. Reinhardt reviewed with the Board the 2002 EAP Utilization report.

Amended Provider Agreement (Board Action Requested)

Ms. Allen indicated that section 8 of Senate bill 2054 contains a provision to allow the board to accept trustee-to-trustee transfers from an IRS code section 403(b) annuity or section 457 deferred compensation plan for the purchase of permissive service credit in the defined benefit plan. These transactions are allowed as a result of the EGTRRA passed in 2001.

Ms. Allen indicated that in anticipation that this bill will pass, staff has requested from the Segal Company draft language to Section II-L of the Provider Administrative Agreement. This section already contains language to allow the transfer pursuant to IRC Section 457(e)(17); however, it does not address the issue of transfer penalties. Segal provided PERS with two options.

Ms Allen indicated that staff had sent the two proposed amendment options to the deferred comp providers for their comments. The majority of the providers preferred option 2 which allows for flexibility of whether or not to apply a financial penalty contingent on the withdrawal provision associated with the investment product.

Discussion followed as to why the additional language needs to be added.

The Board decided that no action or change needs to occur.

Companion Plan Annual Review (Informational)

Mr. Reinhardt provided an overview of the report for the Board. This report was included in the board materials.

NDPERS Personnel Policy Manual (Board Action Requested)

Ms. Allen indicated that PERS has made revisions to the Policy Manual subject to changes made by OMB and suggestions by Risk Management. The revisions were included in the board materials.

**Mr. Gunkel moves approval of the revisions to PERS Policy Manual. Mr. Baetsch seconds.**

**Ayes:** Baetsch, Gunkel, Sand, Sage, and Chairman Strinden.

**Nays:** None

**Absent:** Dwelle, Tabor

**PASSED**

Proposed Legislation (Informational)

Mr. Collins provided the Board with a brief overview of the legislative considerations relating to the PERS proposed legislation.

Board Meeting Dates (Board Action Requested)

Mr. Collins indicated that it was requested to change the May 15, 2003 Board meeting to an earlier or later date in May.

The board decided to review this at the April meeting.

Conferences (Board Action Requested)

Mr. Collins indicated that in the past NDPERS paid for up to two board members and one staff to go to the NCPERS Annual Conference and Fidelity Conference.

**Mr. Sage moves approval of one Board member per conference subject to budget. Ms. Tabor seconds.**

**Ayes:** Baetsch, Gunkel, Sand, Sage, and Chairman Strinden.

**Nays:** None

**Absent:** Dwelle, Tabor

**PASSED**

Chairman Strinden called for any other business, hearing none the meeting adjourned at 9:38 AM.

*Respectfully Submitted*

*Denise A. Curfman*

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*Secretary, NDPERS Board*